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ARIZONA CORPORATION COMMISSION

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October 29, 2009

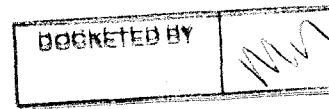
CERTIFIED MAIL

Mr. Ray Jones
White Horse Ranch Owners Association, Inc.
25213 North 49th Drive
Phoenix, Arizona 85083

Arizona Corporation Commission

DOCKETED

OCT 30 2009



ARIZONA CORPORATION
COMMISSION
DOCKET CONTROL

2009 OCT 30 A 8:05

RECEIVED

RE: IN THE MATTER OF THE APPLICATION OF WHITE HORSE RANCH OWNERS ASSOCIATION, INC. FOR A RATE INCREASE, DOCKET NO. W-04161A-09-0471.

INSUFFICIENCY LETTER

Dear Mr. Jones:

In reference to your rate application received on September 30, 2009, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

Staff has found deficiencies with your application, which are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the company corrects the deficiencies and Docket Control receives an original and sixteen copies of the corrected pages.

You have 15 calendar days, or until November 14, 2009, to correct the deficiencies or make other arrangements with Staff to remedy your rate application. If the corrections or other arrangements are not made by the above date, Staff will request your docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and sixteen copies of an updated application at a later date.

Mr. Ray Jones
October 29, 2009
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The Staff person assigned to your application is Gerald Becker. He can be reached at (602) 542-0831, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink that reads "Nancy L. Scott". The signature is written in a cursive, flowing style.

Nancy L. Scott
Chief, Financial and Regulatory Analysis Section
Utilities Division

NLS:GWB:tdp

cc: Docket Control (fifteen copies)
Lyn Farmer, Hearing Division
Delbert Smith, Engineering
Consumer Services
Legal Division

WHITE HORSE RANCH OWNERS ASSOCIATION, INC.
DOCKET NO. W-04161A-09-0471
RATE APPLICATION DEFICIENCY ITEMS
OCTOBER 29, 2009

The deficiencies are as follows:

1. Schedule A-1, Line 18, Required Operating Income of \$16,942 which does not equal the Required Operating Margin of 1.15% on line 16, times the requested level of revenues \$81,739 on Schedule C-1, page 1, line 5. (Staff calculates operating margin by dividing operating income by operating revenues.) Please explain and provide the underlying calculation(s).
2. Schedule C-1, Depreciation Expense of \$25 does not agree to Depreciation Expense of \$18,983 on Schedule B-2.1, page 6. Please explain and/or correct the calculation(s).
3. Schedule B-2.1, pages 1-8. Please explain the column labeled "Plant Additions Reclass Expense." Please explain and quantify the impact of these items on plant, accumulated depreciation, and depreciation expense.
4. Schedule B-2, Page 1.2, line 10 indicates an increase to accumulated depreciation of \$398,928. Schedule B-2, page 1, line 4 shows a decrease to accumulated depreciation of \$398,928. Please clarify and correct as necessary.
5. Regarding item 4 above, please explain the reason(s) for significant differences between the adjusted balance of \$148,722 on Schedule B-2, page 1, line 4, Col [F] and unadjusted balances in the accumulated depreciation balances of \$547,649 on Schedule B-2, page 1, line 4, Col [A]. Please provide supporting schedules by NARUC account, as necessary.
6. Schedule B-2, Page 1.1, line 11, "Reclass Expensed Plant to Plant in Service" of \$80,058 does not agree to the total of the amounts shown on Schedule B-2.1, Pages 1-8, \$78,458, which are also summarized on Schedule B-2.4. Please reconcile.

Year	Amount
2003	\$ 4,206
2004	\$ 3,785
2005	\$19,381
2006	\$27,311
2007	\$ 4,001
2008	\$ 3,093
2009	<u>\$16,681</u>
Totals	\$78,458
B-2, Page 1.1	<u>\$80,058</u>
Difference	\$ 1,600

WHITE HORSE RANCH OWNERS ASSOCIATION, INC.
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7. Schedule B-2.1, Page 8, line 22 indicates total plant in service of \$638,496 which does not agree with Schedule B-2, Page 1.1, line 14, Adjusted Plant in Service of \$640,096. Please reconcile.
8. Schedule B-2.1, Page 8, Depreciation Expense amounts of \$11,478 for 2009 (presumably 7 months only) as compared with Depreciation Expense of \$25 of \$25 on Schedule C-1, page 1, line 22. Please explain the reason for the large difference and correct as necessary. Also, please explain the reason for the large difference between the Accumulated Depreciation balance of \$547,649 on Schedule B-2, Page 1, line 4 and \$148,722 on Schedule B-2.1, Page 8.
9. On page 18 of the application, the Company submitted its Water Use Data Sheet by Month from Aug 2008 to July 2009. For the year ended July 31, 2009, the Company reports 6,724,080 gallons sold, 651,200 gallons hauled, and 6,040,000 gallons pumped. Therefore, 6,724,080 gallons sold is more than 6,691,200 gallons pumped and hauled. This is impossible. Please explain and verify the correctness of the Water Use Data for each month in the test year. Please provide explanations for each month when the sales volume exceed the gallons pumped plus the gallons hauled.
10. Please provide the number of connections that the Company expects to add each year for the next five years beginning in 2009.

The following is a data request to the Company:

1. Regarding the note on page 1 of the application, please explain the reasons that 2009 is the first year that the Department of Revenue has assessed property tax. Regarding the letter from the Department of Revenue, please explain the reasons that some TPT returns and amounts are outstanding and provide updated information, if any, on these items.
2. Also, please explain the Other Water Revenues of \$4,001, less hook up fees of \$2,500 that were reclassified. Attach supporting schedule, as necessary.
3. Please provide schedules in Excel format with formulae intact that support all plant activity since the last rate case.